



Canada Insurance Plan and Trust Fund

Date: January 6, 2014
To: All Member Boards and Administrators
From: Howard Van Mersbergen, Executive Secretary-Treasurer

IN BRIEF

Cost Savings Gained with Our Short-Term Disability Plan – Better benefits for staff, and cost savings for schools.
Employment Insurance Premium Reduction – How to apply for the savings.
Contact Us for Support – Contact us if you have questions.

Cost Savings Gained with Our Short-Term Disability Plan

The short term disability benefit provided by the Canada Insurance Plan combined with the Employment Insurance Premium Reduction creates a very cost effective benefit. For example, the EI premium savings for an employee with the EI maximum annual salary of \$48,620 (\$935 x 52 weeks) is \$165.36. The cost of STD through the Canada Insurance Plan is:

Disability Benefit	Province	Annual Rate	Annual Cost at \$48,620
Non-taxable Benefit	Ontario	0.363%	\$176.49
	Manitoba	0.360%	\$175.03
75% STD	All Other	0.336%	\$163.36
Non-taxable Benefit	Ontario	0.346%	\$168.23
	Manitoba	0.343%	\$166.77
67% STD	All Other	0.320%	\$155.58
Taxable Benefit	Ontario	0.425%	\$206.64
	Manitoba	0.421%	\$204.69
75% STD	All Other	0.394%	\$191.56

Outside of Ontario and Manitoba, at all of the non-taxable benefit levels, the cost of our Short Term Disability coverage is less than the EI premium reduction. **Your school saves money AND staff receive a higher benefit level than they would if covered by EI alone.**

A key part of these savings is receiving the Employment Insurance Premium Reduction. Information on obtaining this reduction follows.

Employment Insurance Premium Reduction

Because the Canada Insurance Plan has a short term disability benefit that has benefits greater than those provided by EI, all employers participating in the Canada Insurance Plan will be eligible for an Employment Insurance Premium Reduction program.

- To qualify for an Employment Insurance premium reduction, federal legislation requires that employers participate in a written wage loss replacement plan that has benefits greater than or equal to those provided by Employment Insurance.

A comparative analysis shows how the benefits of our Short Term Disability Plan exceed those of the government plan.

	EI Benefit		CSI STD Benefit
	<u>2013</u>	<u>2014</u>	<u>2013 and 2014</u>
Maximum Insurable Earnings	\$912/wk.	\$935/wk.	Unlimited
Benefit Formula (% of Insurable Earnings)	55% (taxable) 55% (taxable)		66.7%(nontaxable) or 75% (nontaxable) or 75% (taxable)
Maximum Benefit	\$501/wk.	\$514/wk.	Unlimited
Duration	varies	varies	150 days

- Employers must return at least 5/12 of the EI premium savings to all employees when the reduced rate applies. This can be in the form of increased employee benefits, cash rebates or written mutual agreements between the employer and employee on the method of distribution.
- A review of the contribution schedule for 2013 and 2014 (see last page) illustrates the potential savings of the premium reduction.
- Starting in 2010, if you have already been granted an EI premium reduction, you will no longer need to complete renewal applications each year. This means that entitlement to the premium reduction will automatically continue until you change or cancel your approved short term disability plan. If your school has already filed an application and has received a yearly notice of the reduced EI premium rate from HRSDC, there is no further action you need to take.
- **If your school makes a change to your Short Term Disability Plan after it has been approved**, for instance, if you purchase the non-tax disability upgrade to change the benefit from 66.7% to 75%, **you must notify the Premium Reduction Program within 30 days of the date of change. You must also apply for a continuation of the EI premium reduction by completing a new Application for EI Premium Reduction.**
- If your school has never applied for the Employment Insurance Premium Reduction Program, it should do so by completing an Application for EI Premium Reduction provided by Human Resources and Skills Development Canada (HRSDC) (form NAS-5022). To identify your school as part of the Christian Schools International Canada Insurance Plan, reference RC# M067 on the application. This application, together with a copy of the attached extract regarding the Short Term Disability Benefits of the Plan should then be filed.
- Initial applications (form NAS-5022) for your Employment Insurance premium reduction must be received by HRSDC no later than December 15, 2013, to receive full monthly reduction for 2014. However, schools can still apply for a 2013 premium reduction. The amount of the reduction, within a plan year, is based on the date HRSDC receives your application. Therefore, the later the receipt of the initial application, the later your reduction will begin and the amount of savings will be diminished.

Additional rules apply and may be obtained by reviewing an Employer Guide at http://www.servicecanada.gc.ca/eng/cs/prp/0200_000.shtm!. The Employer Guide may also be obtained by calling the toll free number listed below.

New applications or applications due to a plan change, and supporting documents should be sent to:

Service Canada
EI Premium Reduction Program – Multiple Employer Plan M067
P.O. Box 11000
Bathurst, NB E2A 4T5
1-800-561-7923

- Application forms can be found and downloaded at:
<http://www.servicecanada.gc.ca/eng/cs/prp/documents/nas5022.pdf>.

Employment Insurance Contribution Schedule For the Years 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Maximum Insurable Earnings	\$912/week	\$935/week
Maximum Benefit	\$501/week	\$514/week
Required Employee Contribution	\$1.88/wk. per \$100 of insurable earnings, maximum \$17.13/wk*	\$1.88/wk. per \$100 of insurable earnings, maximum \$17.58/wk*
Employer Contribution: w/o Premium Reduction	\$2.63/wk. per \$100 of insurable earnings, maximum \$23.99wk*	\$2.63/wk. per \$100 of insurable earnings, maximum \$24.59/wk*
Employer Contribution Category 3 Plan ⁽¹⁾	\$2.26/wk. per \$100 of insurable earnings, maximum \$20.62/wk*	\$2.29/wk. per \$100 of insurable earnings, maximum \$21.41/wk*
Savings on Employee w/Maximum Insurable Earnings ⁽²⁾	\$3.37/week* \$175.38/year	\$3.18/week* \$165.36/year

⁽¹⁾ Defined EI Premium Reduction category based on our Short Term Disability Plan provisions.

⁽²⁾ Savings assume that application for EI Premium Reduction is made prior to December 15, 2013.

*Weekly maximums are nominal only; contributions are typically levied on the employee's full salary until the annual insurable maximum is reached.

CONTACT

Contacting Us for Support

More information about our benefit plans and past *Updates* are located on our web site at www.CSOnline.org. Select Employee Benefits and the appropriate plan. If you have questions, please contact Bonnie Hofmann by phone at 877-274-8796, ext. 230 or by email at bhofmann@CSOnline.org.